

## A Comparative Study of Fashion and IP: Non-traditional Trademarks in Italy and Australia

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## A comparative study of fashion and IP: non-traditional trademarks in Italy and Australia

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**Abstract:** Fashion design is a significant creative industry and therefore the relevant settings of intellectual property law matter. This article focuses on a common law jurisdiction (Australia) with an emergent creative fashion industry and a civil law jurisdiction with a well-established industry dominated by global fashion houses (Italy). There are considerable differences between these jurisdictions as far as scope and availability of IP remedies are concerned. However, the focus here is on registration of non-traditional (shape, pattern, decorative) trade marks in particular, since this is a relatively new option that has generated considerable interest in the contemporary brand-driven fashion industry. The article concludes that both jurisdictions adopt formally different approaches to arrive nonetheless at similar outcomes, allowing registration only in a narrow category of case and placing restrictions on what constitutes infringement. Although it is difficult to argue that levels of protection are not appropriate, there is considerable uncertainty about outcomes because complex governing principles require fine judgments. Such uncertainty domestically and as between jurisdictions is detrimental for smaller players and new entrants without the necessary resources to navigate complex and evidence-driven legal issues.

**Keywords:** fashion, trademarks, 3d shapes, pattern mark, decorative marks, marks consisting in whole or in part of the appearance of the goods itself, distinctiveness

### 1. Introduction: scope of this article

The value of the international fashion sector was recently estimated at 2,500-3,000 billion US dollars, or 2 per cent of world's gross domestic product (GDP)<sup>1</sup>. However for some countries fashion is a much more significant economic activity than others – Australia and Italy are a case in point. Italy much like France has a longstanding tradition in the fashion business. Not only do these countries host two of the major global fashion weeks, reflecting their global dominance at the creative end, they also play a significant role in manufacturing. Italy alone accounts for approximately 50 per cent of total EU footwear production and the estimated value of its textile industry reaches 60.7 billion euro<sup>2</sup>. Italy has longstanding global brands that stand at the apex of seasonal trend development. Unsurprisingly therefore, it also has a long tradition of seeking out effective trade mark protection and combatting not only counterfeiting but also imitation that crosses the line to infringement.

In other countries, including Australia, the sector is contrastingly young, with few leading global brands, but with a growing interest in the creative component of fashion design as a driver of economic growth. This interest has increased as economic activity in textile manufacturing has decreased. This transition has generated a proliferation of fashion labels. These are often small operations that can nonetheless acquire instant brand prominence (and thus growth) at a global level via the internet and social media. They are responsive to what McKinsey refers to as “transformative shifts” in the fashion industry: “*Alongside consumers’ adoption of digital are raised expectations of*

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<sup>1</sup> <https://fashionunited.com/global-fashion-industry-statistics/>.

<sup>2</sup> SMI (2017), p. 1. See also <https://fashionunited.it/statistiche-moda-italia/>.

*customer experience and a higher scrutiny on convenience, price, quality, newness and a personal touch*<sup>3</sup>. Elsewhere ‘The State of Fashion Report 2018’ states that “[P]ersonalisation and curation will become more important to the customer. As consumer values coalesce around authenticity and individuality”, brands will seek to use big data to personalise the customer experience<sup>4</sup>. The quest for authenticity chimes with established brands with long and authentic traditions, as exist in Italy, and the search for ‘a personal touch’ and ‘individuality’ accords with emerging labels that customers can discover and adopt.

Australia is a significant example of a country where a decline in manufacturing has been accompanied by a growth in creative design activity and new labels. According to a report commissioned by the Australian Fashion Chamber, manufacturing of local textiles, clothing and footwear has declined by 20 per cent between FY2004 and FY2014, falling from \$3.4 billion of GDP to \$2.7 billions. This declining trend is counteracted by the recent growth in number and in value of Australian brands, like Zimmermann or Maticevski, which have increasingly taken Australian fashion creativity to the world.

Both for legacy brands and for emerging labels customer capture, connection, and continuity are paramount goals. Registered trade marks law and in particular non-traditional marks are therefore an area of policy contestation pitching perceived corporate interest in expanding the empire of IPRs against traditional public policy concerns – in particular about maintaining freedom of competition. The settings of IP law are relevant to established and emerging labels domestically, but increasingly, because of the seamless nature of the internet, also in a global marketplace.

Previous research comparing French and Australian IP more broadly revealed that Australian jurisprudence tends to underestimate the creative content of fashion design, while French law more actively protects creative fashion, allowing for quicker and more effective remedies for copying and free riding<sup>6</sup>. The research is based on the not uncontested notion that against the background of other determinants of municipal economic success<sup>7</sup>, like cultural traditions, market structures, business conditions, organisational foundations, training and history, the particular settings of IP law must have a differential impact. Traditional IP theory would suggest that jurisdictions with ‘strong’ IP protection attract more substantial investment, since they limit the risk of exposure to free-riding in a creative industry<sup>8</sup>. On the other hand, overly strong IP rules can also disrupt traditional creative practices such as trend-alertness and dependency on common inspirational factors, and technical constraints that drive similarity<sup>9</sup>. Therefore IP law has to strike a fine balance, one of the main challenges it has grappled with in different ways over time<sup>10</sup>.

The focus of this article is the law surrounding non-traditional trademarks, in particular the shape of products, but also patterns, textures, materials, and the like regardless of the particular garment or other fashion accessory they are used for.<sup>11</sup> There is a close kinship between this area of IP law and other already existing remedies, particularly designs law and copyright – this fact highlights the need to strike a ‘fine balance’ between legal transgression and normal industry practice. A brief overview of the role of other alternative (copyright and design rights) or subsidiary (unfair competition or passing off) remedies to support infringement claims is required to present a complete picture.

## 2. Specificity of the sector and the interest in non-traditional trademarks

Recognition of fashion design as a creative industry, and the emergence of ‘fashion law’ as a separate discipline and integrated area of teaching,<sup>12</sup> have resulted in increased academic interest in the uneasy relationship between IP and fashion, some of it theoretical, some of it comparative.<sup>13</sup> A number of authors have compared the US and European legal approaches to IP protection for fashion design,<sup>14</sup> considering whether it should be protected under existing

<sup>3</sup> McKinsey (2018), p. 11.

<sup>4</sup> No. 3 above, at 27.

<sup>5</sup> Australian Fashion Chamber (2015).

<sup>6</sup> Atkinson (2016), p. 1-17 and Atkinson (2018), p. 194-211 and Atkinson V, van Caenegem W (2019).

<sup>7</sup> Raustiala (2006), p. 1687 contests that the settings of IP are important to innovation in fashion: cf. Raustiala. *Contra* Hemphill (2009). On the role of social norms in fashion see Noto La Diega (2019).

<sup>8</sup> Maskus (1998), p. 109-162; Hindman (2003), p. 467-474.

<sup>9</sup> Against over-protecting authors at the expense of the public domain see Litman (1990), p. 1023.

<sup>10</sup> ATRIP (2009), analyzing the concept of “balance” in IP law.

<sup>11</sup> WIPO SCT (2006) describes various new types of marks.

<sup>12</sup> Brewer (2017), Scafidi (2006). This interest has resulted in an ever-growing body of literature: see Jimenez et al. (2014) (2016), Antoci et al. (2006), Furi-Perry (2013), Herzeca (2013), Ortega Burgos (2018), Segnalini (2012).

<sup>13</sup> Cf. the special issues of TMR (2017), 107, 6; JIPLP (2018), 13, 11 and Dir. Ind. (2013), 4.

<sup>14</sup> Scruggs (2007), Miller (2008), Mahmood (2015), Montalvo Witzburg (2017), Fano (2013), Yao Xiao (2010).

copyright statutes or whether proposed new federal legislation<sup>15</sup> should be introduced<sup>16</sup>. Martinez has expressly argued that the US should look to Italy and France's successes in the battle against counterfeited luxury goods and adopt similar legislation<sup>17</sup>. Atkinson et al. have undertaken a number of studies focusing on French and Australian intellectual property law in fashion<sup>18</sup>.

We investigate IP laws being conscious of the fact that the sector has some characteristics that set it apart<sup>19</sup>. Fashion is a fast-paced consumer oriented business distinguished by an exceptionally rapid design turnover. The innovation cycle is no longer than six months, and these days often much shorter. Popular styles sell out almost as quickly as they reach the shop floor and retailers need to ensure an immediate supply of distinctive stock if they are to keep shoppers' attention. The fashion sector is also very trend-dependent and top-down, with a limited number of trend-setters at the apex of the innovation cycle and a broad base of trend-followers below. In this environment investing time, attention and resources in protecting singular items of clothing or accessories from free-riders requires careful consideration. The expense can be sub-optimal or wasteful as it detracts from the resources available to produce a new collection every season. In many cases, the design in question will no longer be in use by the time the action is heard. This fast-moving nature of the fashion sector is often cited by fashion houses as justification for tolerance of free-riding, at least in cases of imitation falling short of counterfeiting. Nonetheless, a growing consciousness of the scale of counterfeiting, advances in digital technology that have increased the ease and speed with which goods can be copied and produced, and the relocation of manufacturing sites to Asia have all focussed fashion brands' awareness on the need to identify and protect their core IP assets<sup>20</sup>.

A most significant strategic response has been to build fashion brands' reputation and image around iconic styles and motifs (think of the Louboutin red sole or the Burberry check) whose life extends beyond individual fashion cycles or seasons. Trademark registration provides a longer time span of protection than other IPRs, and also allows fashion houses to escape from the many limitations inherent in enforcement actions based on individual copyrights and designs. As a result, the industry is unsurprisingly intent on exploring the outer reaches of trade marks law and policy to maximally capture these immaterial values. However, the legal environment is complex and evolving in all jurisdictions – and Italy and Australia prove to be no exception.

Fashion disputes concerning (common law and registered) trade mark protection for distinctive shapes, patterns, colours and the like that evoke brand identity are increasing. However, the balance the protection regimes should strike is still open for debate. There are important concerns about the potential anti-competitive effects of allowing monopolisation of standard, functional and decorative features, for instance by setting the threshold tests of registration at too low a level<sup>21</sup>. Likewise, some scholars claim that more generally, strong protection for fashion design is unsuitable for the fashion industry exactly because imitation is a core driver of consumer-friendly competition in the sector<sup>22</sup>. Amidst this doctrinal and policy complexity, attempts to adapt litigation to short innovation cycles by making it quicker and cheaper meet with varied success. In this regard, structural factors make access to remedies via the courts much more problematical in common law jurisdictions (such as Australia) than in civilian jurisdictions (such as Italy).

### **3. Overview of legal protection of creative fashion in Italy**

In Italy a company may protect its fashion creations against imitation in a number of ways: 2D and 3D trademarks, registered or unregistered designs, copyright and the tort of unfair competition. These protection tools are not mutually exclusive<sup>23</sup>. As an obvious consequence, Italian case law indicates that a plaintiff normally sues an alleged infringer seeking multiple IP remedies in a single action.

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<sup>15</sup> Monseau (2011), Callahan (2012), Stockdale (2015).

<sup>16</sup> Mencken (1997), Blackmon (2007), Hendrick (2008), Hemphill et al. (2009), Mills (2009), Barton (2010), Wade (2011), West (2011), Heyison K (2012), Miller (2014), Stockdale (2015), DeVore (2013), Marshall (2013) all observe the weakness of IPRs in the US. Cf. US Copyright Office (2006).

<sup>17</sup> Martinez (2014).

<sup>18</sup> No. 6 above.

<sup>19</sup> Teilmann-Lock (2018) p. 890.

<sup>20</sup> See EUIPO (2016), EUROPOL (2017), Galli (2013).

<sup>21</sup> See van Caenegem (2003), p. 598; Tushnet (2017), p. 867.

<sup>22</sup> Landes (2015) p. 434, Barnett et al. (2010) p. 166, Hemphill et al. (2009).

<sup>23</sup> See Arts. 17 and 19 of EU Directive 98/71/EC. CJEU, January 27, 2011, *Flos S.p.a. v. Semeraro Casa e Famiglia S.p.a.*, C-168/09, para 44; Rome District Court, August 30, 2007, No. 16410, *Hermès International s.c.p.a. et al. c. Première s.r.l.*.

Relying on a registered trademark has certain advantages compared to other forms of protection<sup>24</sup>. To give a few examples, in a legal action for unfair competition, the burden of proof rests with the plaintiff, who must prove the novelty of the shape for which protection is sought and specify the elements that give it the required distinctiveness<sup>25</sup>. Moreover, an unfair competition claim normally concerns only those capricious elements that allow product shape to be effective as a distinctive sign<sup>26</sup>. Such elements must be extraneous and separable from the product itself without its nature being altered, and be applicable to several items<sup>27</sup>.

Unregistered design rights were specifically introduced to protect products, such as fashion, with a short market life. Protection without the burden of registration seems advantageous. However, its limits become clear when it comes to enforcement. While subsistence of the right is quite easily assessed (the same principles as for registered designs are applied), Italian Courts interpret Art. 19 Reg. No. 6/2002<sup>28</sup> as requiring that the allegedly infringing product must be an exact copy of the unregistered design<sup>29</sup> and have restricted infringement essentially to copycat cases<sup>30</sup>. Hence, the introduction of a few small modifications will suffice to avoid a finding of infringement<sup>31</sup>.

Another problem with designs is prior disclosure. To establish an unregistered EU design right the right holder has to prove that the design has been disclosed within the EU “in such a way that, in the normal course of business, these events could reasonably have become known to the circles specialised in the sector concerned, operating within the Community”<sup>32</sup>. The CJEU was asked to determine whether distributing leaflets to traders, showing the product outside the EU, either disclosing it to a single undertaking in the EU could amount to “making available to the public” within the meaning of the Regulation. While the Court did not rule out that any of these actions could amount to a valid disclosure, it concluded that the answer to such questions of fact is dependent on the assessment of the particular circumstances of each individual case for the national court to determine<sup>33</sup>. The case-law shows that such evidence may be difficult to provide<sup>34</sup>. According to the EU General Court, when disclosure has occurred via a website or by exhibition outside the EU, it is necessary to adduce positive proof that there was actual traffic from users originating in the EU<sup>35</sup>. In reality companies rarely rely on the unregistered design right before the Courts<sup>36</sup>, because the burden of proof is too onerous.

Copyright protection also presents considerable challenges. Italy has set the bar at a higher level than that ordinarily required for works of art. Copyright protection is granted to works of industrial design having not only inherent creative character, but also artistic value (similar to the requirements that apply to ‘works of artistic craftsmanship in UK and Australian copyright law). Whilst the former is quite easy to establish<sup>37</sup>, the latter has been controversial, since it sets an unusually high standard for copyright protection. In particular, according to the Court, an objective assessment is required as to whether there is widespread appreciation of the design article in the cultural and institutional sectors (e.g. critics, cultural institutions, museums, etc.)<sup>38</sup>. Evidence is required that the item for which protection is sought has been the object of studies, publications and art exhibitions. In the result, the courts exclude

<sup>24</sup> Heyison (2012) p. 261. This is not a general rule. According to some scholars, in order to satisfy the distinctive character required for a valid registration as a trade mark, a greater degree of originality of the form is necessary than that required by individual character under the design right. Cf. Ricolfi (2015), p. 248–49. In the much debated The Hague District Court, May 4, 2011, *Nadia Plesner v. Louis Vuitton Mallettier SA*, No. KG ZA 11-294, Louis Vuitton relied on design law presumably since it assumed that trademark protection of the “Multicolor Canvas” pattern would be much weaker than design protection (trademark protection only covers use of the mark as a trademark i.e. for goods and services).

<sup>25</sup> See Milan CA, September 17, 2008, *Giur. Dir. Ind.*, 2009, 5381; Milan District Court, April 19, 2011, *Giur. Dir. Ind.*, 2011, 5721; *Id.*, May 6, 2009, *Giur. Dir. Ind.*, 5624.

<sup>26</sup> Italian Supreme Court, December 17, 2008, No. 29522, in *Foro it.* 2009, 2, I, 361.

<sup>27</sup> Milan District Court, July 4, 2017; *Id.*, December 28, 2015.

<sup>28</sup> Florence District Court, March 28, 2018, No. 944, *Brunello Cucinelli s.p.a. c. Fabiana Filippi S.p.a.*

<sup>29</sup> Giudici (2007) p. 207 criticized such interpretation.

<sup>30</sup> Rome District Court, March 25, 2019, No. 6235, *Geox S.p.a. v. Euro Scarpe Huan Xinhua and Joy Fashion S.r.l.*; Milan District Court, May 6, 2011, No. 8805/2011, *Dolce & Gabbana v. Progetti Marchi Moda and Gaudi Trade*.

<sup>31</sup> Additionally, the design owner bears “the burden of proving that the contested use results from copying that design”. Since that “is likely to make it impossible or excessively difficult for such evidence to be produced”, the CJEU has held that a Community design court “is required, ...to use all procedures available to it under national law to counter that difficulty, including, where appropriate, rules of national law which provide for the burden of proof to be adjusted or lightened”: CJEU, February 13, 2014, *H. Gautzsch Großhandel, C-479/12, EU:C:2014:75*, para. 43.

<sup>32</sup> Art. 11 (2) of Reg. No. 6/2002.

<sup>33</sup> CJEU, February 13, 2014, *cit.*, paras. 29-30.

<sup>34</sup> CFI, May 21, 2015, *Umbrellas, T-22/13 and T-23/13, EU:T:2015:310*, paras. 28-29.

<sup>35</sup> CFI, March 14, 2018, *Crocs Inc. v EUIPO and Gifi Diffusion, T-651/16*, para. 56.

<sup>36</sup> Bologna District Court, March 30, 2009, in *Giur. Dir. Ind.*, 2009, 5416.

<sup>37</sup> Italian Supreme Court, March 23, 2017, No. 7477/2017: “an artwork receives protection provided that it entails a creative act, albeit minimal”.

<sup>38</sup> Milan District Court, September 12, 2012. This construction of the requirement confines copyright protection to a few industrial designs only. Cf. *Id.*, August 2, 2012, *Vitra Patente Ag v. High Tech S.r.l.*

copyright protection in the vast majority of cases; only the passing of much time will allow it to be established (ex post) that a design work has shaped artistic trends and taste<sup>39</sup>. Whether the artistic value requirement is compatible with EU law has been seriously questioned in light of the recent conclusions filed by Advocate General Spuznar in *Cofemel v G-Star Raw*<sup>40</sup>, according to which the InfoSoc Directive does not require that a distinction be made between different types of works based on their artistic value. If the Court follows the AG's opinion, the legislation and case law of Member States, such as in Portugal and Italy, will become history.

#### 4. Overview of legal protection of creative fashion in Australia

Australian law provides a more limited range of remedies. Fashion is treated as 'applied art' in the Copyright Act, and somehow less worthy of protection than creations falling within the 'fine arts'<sup>41</sup>. Garments and apparel get copyright protection only where they qualify as 'works of artistic craftsmanship', which requires 'artistic quality'. Even irrespective of the latter requirement, it is rare for any garment to qualify as a 'work of artistic craftsmanship' because that category simply does not accord with how fashion garments are normally designed and produced. Drawings, patterns etc. that represent the shape (three dimensional characteristics such as cut, composition and structure) of a garment even if protected by copyright cannot be used against 3D copying because of copyright/designs overlap restrictions. Fashion designers are therefore legally compelled to register their garments as designs, and if no design is registered, and a garment does not qualify as a work of artistic craftsmanship, a plaintiff might be left entirely without a remedy against free-riders, even in the face of deliberate copying<sup>42</sup>. As we mentioned above, however, designs registration is often financially unworkable for fashion houses, which produce whole collections at least twice a year.

The rather more suitable alternative of unregistered design protection, which is granted in Italy as at the EU level pursuant to Reg. No. 6/2002, is not available in Australia<sup>43</sup>. Likewise, unfair competition is not a recognised tort under the common law or statute in Australia. Slavish imitation and misappropriation are therefore not actionable per se. Only where consumer deception can be established from the overall circumstances of the defendant's use of some of the plaintiff's distinctive product features, packaging, get-up, advertising image etc. is a remedy in passing off available<sup>44</sup>. Thus if an imitator clearly attaches its own brand, then usually consumers are not deceived into thinking the product comes from the same source, and slavish imitation will go un-remedied<sup>45</sup>.

However, where a court finds that an imitator has copied deliberately with the intention of stealing the goodwill of a competitor, it will more readily infer from all the circumstances that a slavish copy misleads consumers as to its commercial origin: although intention need not be proven in passing off, a plaintiff will derive an 'evidentiary advantage' from proving it in marginal cases of consumer deception<sup>46</sup>. Nonetheless misappropriation alone is not actionable as such in Australia. This has been held expressly also for instance in relation to personality rights cases<sup>47</sup>. Judicial refusal to recognise a tort of unfair competition without consumer deception is longstanding and consistent<sup>48</sup>.

In this context, registration of the shape or other aspects of garments and apparel as a trademark is a particularly interesting option for fashion houses in Australia, as in Italy. Given the increased trend to concentrate intellectual capital around brand image and the particular interest in the legal protection of brand values in both Italy and Australia, this article focuses on registered trademarks and assesses their effectiveness in the special conditions of the fashion sector.

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<sup>39</sup> Only the most iconic creations can possibly benefit from copyright protection. See Milan District Court, July 12, 2016, No. 8628/2016, *Tecnica Group S.p.a. v. Gruppo Coin S.p.a. et al.* in relation to the Moon Boot shoes.

<sup>40</sup> Opinion, May 2, 2019, C-683/17, ECLI:EU:C:2019:363.

<sup>41</sup> Copyright Act 1968 (Cth) s 73-77: overlap provisions between Copyright and Designs protection.

<sup>42</sup> See Atkinson (2016), p. 1-17.

<sup>43</sup> However, the Australian Government agreed to introduce a grace period for designs registration as recommended in the Productivity Commission Inquiry Report No 78, 23 September 2016, 'IP Arrangements' (Australia). The regulatory design of a possible unregistered design right is an open question in Australia and the Australian government does not at present support its introduction.

<sup>44</sup> Or under s 18 of the Consumer Law which prohibits misleading and deceptive conduct in commerce.

<sup>45</sup> An illustrative example is provided by *Dr Martens Australia Pty Ltd v Figgins Holdings Pty Ltd* [1999] FCA 461, slavish copies of 'Doc Martens' boots were not infringing as they were clearly marked with the imitators' brands.

<sup>46</sup> See *Australian Woollen Mills Ltd v F S Walton & Co Ltd* [1937] HCA 51; (1937) 58 CLR 641.

<sup>47</sup> *Re Paul Hogan and Rimfire Films Limited v Koala Dundee Pty Limited* [1988] FCA 333; 20 FCR 314; *Re Pacific Dunlop Limited v Paul Hogan* [1989] FCA 185; 23 FCR 553.

<sup>48</sup> *Victoria Park Racing & Recreation Grounds Co Ltd v Taylor* [1937] HCA 45; (1937) 58 CLR 479; *Moorgate Tobacco Co Ltd v Philip Morris Ltd* [1984] HCA 73; (1984) 156 CLR 414.

## 5. Trademark protection for fashion items: the Italian and European approach

### 5.1. Registering the shape of fashion items

On December 15, 2015, the EU Parliament approved reforms to the Community trademark system introduced in 1996, consisting of an amended EU Trademark Regulation (Reg. 2015/2424) and a new Trademarks Directive (Dir. 2015/2436)<sup>49</sup>. This ‘EU Trademark Reform Package’ brought changes which should be appealing to the fashion industry. The list of types of marks accepted for registration has been extended and now includes word, figurative, shape, colour, sound, position, pattern, motion, multimedia and hologram marks. Non-traditional trademarks will be registered more easily since the requirement to represent the mark “graphically” will no longer apply. Furthermore the Regulation extended the scope of Art. 7(1)(e), referring not only to the “shape” of the goods but also to “another characteristic” of them<sup>50</sup>. Recital 21 now expressly establishes that “uses made by third parties for the purpose of artistic expression should be considered as being fair as long as they are at the same time in accordance with honest practices in industrial and commercial matters”. This provision is relevant to the fashion sector, where a number of players base their business on the very thin line between tribute and misappropriation<sup>51</sup>. It will be very interesting to see whether the interpretation on the meaning and scope of a parody given by the CJEU within the copyright domain<sup>52</sup> shall be applied also in the context of trademark law.

Either figurative logos or patterns, or the shape of a fashion item itself (especially items of apparel, bags or shoes) may be registered. When the distinctive sign is extrinsic to the product (affixed to it or used in advertising) no particular difficulties arise. Where the mark concerns (an aspect of) the goods themselves, trade mark protection is granted only in limited and exceptional cases, when the product “*departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin*”<sup>53</sup>. It is settled EU case-law that the criteria for assessing the distinctive character of a 3D trade mark consisting of (an aspect of) the appearance of the product itself are no different from those applicable to other categories of trade marks<sup>54</sup>. However, the assessment is influenced by two main variables: first, the type and nature of goods or services in respect of which registration is sought; and secondly, the perception of the average consumer of such goods or services<sup>55</sup>.

### 5.2. Criteria for assessing the average consumer’s perception in the fashion sector

The perception of the average consumer is not necessarily the same in relation to a 3D mark as in relation to an independent word or figurative mark<sup>56</sup>. Average consumers are not in the habit of making assumptions about the origin of products on the basis of their shape, appearance or packaging, in the absence of any device or word element, and it is therefore more difficult to establish distinctive character in relation to such marks<sup>57</sup>.

Leather goods and bags in Class 18 and clothing and accessories in Class 25 are, in essence, intended for the general public, which therefore normally constitutes the ‘average consumer’ in the country or in the EU. The way the average consumer perceives a trade mark is influenced by their level of attention, which is likely to vary according to the category of goods or services in question<sup>58</sup>. Consumers of fashion goods are normally capable of assessing style, quality, finish and price; they are presumed to pay a relatively high degree of attention to appearance when making choices. Notwithstanding that, as is apparent from the EU Court’s case-law, circumstances beyond the scope of the right conferred by a trade mark application, such as the price of the relevant product, are not relevant to registration and consequently cannot be taken into account<sup>59</sup>. As a consequence, customers in the fashion market cannot be considered to exercise a particularly high degree of attention, unless there is evidence that the goods at stake are so

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<sup>49</sup> See Caselli (2016).

<sup>50</sup> Cf. Art. 3(a)-(b) and 4(1)(e) Dir. 2015/2436/UE and Art. 1(8)-(9)(a) Reg. 2015/2424.

<sup>51</sup> Such wording should provide a legal basis for a parody fair use defence akin to the exception to the exclusive rights of a copyright holder set out by Art. 5(3) (k) InfoSoc Directive. Until now, Europe, including Italy, has been reluctant to uphold such a defence: cf. CFI, September 18, 2014, T-265/13, Milan District Court, September 12, 2012.

<sup>52</sup> CJEU, September 3, 2014, C-201/13 Deckmyn, paras. 29-30.

<sup>53</sup> CJEU, January 12, 2006, C-173/04 P, Deutsche SiSi-Werke, para. 31.

<sup>54</sup> CJEU, June 18, 2002, C-299/99, Philips/Remington, para. 48.

<sup>55</sup> Ex multis, CJEU, April 29, 2004, Procter & Gamble v OHMI, C-473/01 P and C-474/01 P, para. 33.

<sup>56</sup> Ex multis, CJEU, April 8, 2003, C-53/01 and C-55/01, Linde, para. 48.

<sup>57</sup> CJEU, October 20, 2011, joined cases C-344/10P and C-345/10 P, Freixenet SA v OHIM, para. 46 and the case-law cited.

<sup>58</sup> CFI, case T-337/99, Henkel v OHIM, para. 48.

<sup>59</sup> CFI, September 12, 2007, T-358/04, Georg Neumann GmbH v OHIM, ECLI:EU:T:2007:263, para. 34; Milan District Court, July 12, 2017.

sophisticated or expensive that the average consumer would be likely to be particularly attentive<sup>60</sup>. It is for the applicant for registration to establish that consumers' habits in the relevant market are specific and different from the norm. In the absence of such evidence, even in the fashion sector, the distinctiveness of a mark must be assessed – as a general rule – taking into account the presumed expectations of an average consumer without a particularly high level of attention.

Such an average purchaser knows, through personal experience, that products like handbags are distinguished from each other by a trade mark, which may be applied to the relevant items in many ways, but is not normally confused with the items themselves. In other words, this purchaser is accustomed to making a conceptual distinction between the item (as a material object) and the trade mark (as a sign determining the origin of the item, whether industrially produced or handmade). For the purchaser, a handbag is therefore, on first sight, an item, a container that can be conveniently transported and has a pleasing appearance, not a trade mark<sup>61</sup>. In these circumstances, the appearance of the product for which registration is sought does not enable the average consumer 'to repeat the experience of a purchase...on the occasion of a subsequent acquisition of the goods or services concerned'<sup>62</sup>.

As a consequence, as a general rule, according to Italian and EU case law, fashion or design industry items are devoid of distinctive character and may not be registered as 3D marks. The more the form resembles the shape which the product will most likely take, the more likely it is that such form is devoid of distinctive character<sup>63</sup>. The alleged novelty or uniqueness of the shape, i.e. the fact that no other manufacturer has used the same very specific shape, has been deemed not relevant, because it can not, by itself, be enough to give the shape sufficient distinctive character<sup>64</sup>.

As regards arguments that analogous registrations have been accepted by the competent Office, or protection has been granted by national copyright, they are not sufficient to establish the distinctive character of the mark applied for<sup>65</sup>. For instance, Courts and examiners rejected the application for EU trade mark registration of the Fendi Dotcom Bag, the Longchamp La Pliage bag and the "intrecciato" bag from Bottega Veneta on the same ground that "the overall impression that the mark gives is that of a standard handbag with no features to distinguish it"<sup>66</sup>. Such case-law also applies where the trade mark applied for consists of only a part of the designated product, like a zipper, buckles, straps, handles or simply decorative elements<sup>67</sup>.

### 5.3. Difficulties for trademarks that are coextensive with product appearance

Due to this restrictive trend of refusing protection for 3D marks, applicants have attempted to register the appearance of a product as a figurative 2D sign. These attempts have however not had the desired effect. Regardless of how products are graphically represented in the application, offices and courts will treat them as 3D marks<sup>68</sup>.

As a consequence, the criteria for assessing the distinctive character of 3D marks have been specifically applied also to pattern marks<sup>69</sup>, as they are in fact destined to cover a part or the whole surface of the goods for which protection is sought<sup>70</sup>. In *Louis Vuitton Malletier v OHIM*, the General Court found that the iconic design of Louis Vuitton's "damier" canvas is a basic and commonplace chequerboard representation, customary as regards bags, unable to fulfil any distinctive function<sup>71</sup>. The Florence Court of Appeal of issued a similar ruling against the validity of the Bottega Veneta's "intrecciato"<sup>72</sup>. Paradoxically, also patterns composed of extraordinarily complex designs may readily be deemed devoid of distinctive character. In these cases, the complexity of the overall design will not allow

<sup>60</sup> CFI, September 29, 2009, case T-139/08, *The Smiley Compani SPRL v OHIM*, ECLI:EU:T:2009:364, paras. 19-20.

<sup>61</sup> EUIPO BoA, June 16, 2010, R 1247/2009-1.

<sup>62</sup> CFI, February 27, 2002, T-79/00, 'LITE', para. 26.

<sup>63</sup> CFI, March 22, 2013, T-410/10, *Bottega Veneta International Sàrl v OHIM*, para. 49.

<sup>64</sup> CFI explicitly confirmed that even if there was no identical shape used in the market, that would not be sufficient to establish distinctiveness (June 11, 2009, T-78/08, 'Pinzette', EU:T:2009:199, para. 39).

<sup>65</sup> The registrability of a EU trade mark must be assessed solely on the basis of the relevant law, and not on the basis of previous Office practice, see CJEU, September 15, 2005, C-37/03 P, "BioID", para. 47.

<sup>66</sup> No. 64 above, paras. 64-65.

<sup>67</sup> See Refusals of application for a Community trade mark No. 6472906 and 14792428.

<sup>68</sup> CFI, April 13, 2011, T-202/09, *Deichmann*, EU:T:2011:168, para. 41.

<sup>69</sup> Ciani (2018).

<sup>70</sup> See EUIPO BoA, February 11, 2010, R 1527/2009-2, paras. 15-17.

<sup>71</sup> CFI, April 21, 2015, T-359/12 and T-360/12, *Representation of a brown and beige chequerboard pattern*, EU:T:2015:214–215, para. 24.

<sup>72</sup> Florence District Court, June 9, 2016, *Bottega Veneta Int. S.à.r.l. c Franco Martini s.r.l.*



the design's individual details to be committed to memory and the targeted public will likely perceive patterns as merely decorative elements<sup>73</sup>.

Nonetheless although fulfilling the distinctiveness requirement is onerous,<sup>74</sup> it is not impossible. For instance, while recognizing that a trademark consisting of basic geometric figurative elements, such as a circle, a line, a rectangle, or a pentagon should not be normally monopolised as a trademark<sup>75</sup>, the Milan District Court acknowledged the validity of the Maliparmi pattern<sup>76</sup>, arguing that “*a particular combination and arrangement of geometric elements, according to certain rationales, may have distinctive character*”<sup>77</sup>.

#### 5.4. Current trademark legislation favours widely recognized brands and products

In most cases, trademark protection for fashion garments, textures, accessories and apparel is only possible upon proof of acquired distinctiveness on the basis of Art. 7(3) EUTMR. This will normally only occur when the product, even if aesthetically pleasing, “*has been long traded on the market, without substantial variations, so as to be unequivocally connected to its creator*” and has “*commercial value not for their aesthetic solutions, but for the branded label that they bear or that the consumer immediately associates with them even if it is not visible on the product*”.

Where those standards are met “*there is no risk of monopolization of original aesthetic solutions, because the selling power of the product derives not from the aesthetic appeal of its shape, but rather from the link established between the product, its manufacturer and the elitist atmosphere that this association evokes*”<sup>78</sup>. This normally means that the product has become so popular among consumers as to be widely recognized as a unique distinctive product originating from a specific manufacturer. This was the case for the internationally famous Kelly, Birkin, Bolide and Constance bags by Hermès: according to the Rome District Court, “*their figure is unmistakably associated with Hermès ...: for most of the public, or the name of the manufacturer is unknown or its name is "Hermès"*”<sup>79</sup>. Similar reasoning has also been applied in the footwear sector. The Milan District Court granted protection to the oval metal plaque with rounded sides affixed since 1978 to “Vara” shoes by Ferragamo, able to “*immediately identify these products as coming from the famous Florentine house*”<sup>80</sup>. Likewise, the Milan District Court acknowledged the distinctive character of the patches applied to the Jeckerson trousers<sup>81</sup>.

The fact that a word or figurative mark (which normally performs the distinctive function) is used together with a non-traditional trade mark does not prevent courts from recognising the acquired distinctiveness of the non-conventional trademark<sup>82</sup>. Thus the EU General Court and Turin District Court have made it clear that the acquired distinctiveness of the K-way yellow-orange-blue navy coloured strip could not be called into question because of its use in combination with the K-way word mark<sup>83</sup>.

#### 5.5. Building and proving distinctiveness is expensive and time-consuming

Acquired distinctiveness takes some time to build and courts have proved to be particularly strict in determining which kind of evidence is suitable to support it. It is necessary to show that a significant section of the average consuming public would identify the shape of the product as originating from a given undertaking. Information on the investments made by the applicant to promote the trade mark is required. With reference to EU marks, the acquisition of distinctive character must be established in relation to “*all the territory in which the mark did not, ab initio, have such character*”<sup>84</sup>.

<sup>73</sup> CFI, October 9, 2002, T-36/01, Glass pattern, EU:T:2002:245, para. 28.

<sup>74</sup> Refusals of application as of May 7-8, 2014 for Community trade marks No 12285052 and 12285052, consisting of two bags by the Italian stylist Roberta di Camerino.

<sup>75</sup> CFI, September 12, 2007, Cain Cellars v UAMI, T-304/05, EU:T:2007:271, para. 22.

<sup>76</sup> See EU registration No. 10732337 and 10736668.

<sup>77</sup> Milan District Court, July 4, 2017, Magicoral s.r.l. c. Imayin s.c.

<sup>78</sup> Rome District Court, 30 August 2007, No. 16410, cit.

<sup>79</sup> Rome District Court, 30 August 2007, No. 16410, cit.

<sup>80</sup> Milan District Court, July 13, 2017, No. 7940. Ferragamo successfully enforced its “Vara” trademarks also against Bata (Florence District Court, September 15, 1998, in Giur. ann. dir. ind., 1998, No. 3838), Bally (Milan District Court, December 30, 1999, in Giur. ann. dir. ind., 2000, No. 4118) and H&M (Florence District Court, December 6, 2013).

<sup>81</sup> District Court of Milan, May 8, 2014. *Contra* District Court of Bologna, March 13, 2003, which granted protection only based on slavish imitation.

<sup>82</sup> CJEU, July 17, 2008, L & D v UAMI, C-488/06 P, EU:C:2008:420, para. 49.

<sup>83</sup> CFI, July 20, 2017, Basic Net s.p.a. v EUIPO, T-612/15, ECLI:EU:T:2017:537, paras. 91-92, upheld by CJEU, September 6, 2018, C-547/17P, ECLI:EU:C:2018:682 and Turin District Court, November 17, 2017, Basic Net s.p.a. v Giorgio Armani s.p.a. and La Rinascente S.p.a.

<sup>84</sup> See CFI, December 15, 2016, Mondelez UK Holdings & Services Ltd v EUIPO, T-112/13, ECLI:EU:T:2016:735, para. 139.

Persuasive evidence in this regard may derive from market share and intensity and duration of use in those Member States, its recognition by chambers of commerce and industry or other professional associations, and surveys<sup>85</sup>, establishing the percentage of relevant consumers that identifies the product as coming from the applicant because of its appearance.

Courts acknowledge that sales data may assist but do not prove *ex se* that the shape is perceived as a trade mark. Indeed, sales volumes may derive from multiple factors unrelated to the shape of the product, such as its functionality or quality<sup>86</sup>. According to settled case-law, it is for the applicant to provide concrete evidence that the marks are endowed with distinctive character acquired through use<sup>87</sup>. This variable may result in unexpected judicial decisions. This was certainly the case with the recent judgement of the General Court which upheld a decision of the EUIPO to annul a previous acceptance of the Adidas three stripes trademark<sup>88</sup>. The court said that Adidas had provided evidence related to the mark's use only in five EU countries and did not take into account specific uses involving colours, where the registration applied for concerned specifically three vertical white lines against a black background.

Since the burden of proof is greater when it comes to substantiating the acquired distinctiveness of a European trade mark compared to a national one<sup>89</sup>, it is not unusual that European and Italian courts give differing decisions on identical issues. This happened for the Longchamp “*Le Pliage*” bag. The Rome District Court found that it had sufficient aesthetic peculiarities and distinctive features in terms of design originality and lines, contours, dimensions, finishes, styles, combinations of colours and materials, to be capable of serving the typical trademark function. However, the EU General Court found that the same characteristics did not distinguish the sign from other models of bags on the market<sup>90</sup>.

#### 5.6. *Distinctive, decorative and technical functions may coexist*

The fact that a shape or a pattern mark may also be functional or aesthetically pleasing, has often been advanced as an argument against it having distinctive character<sup>91</sup>. In *Louis Vuitton Malletier v OHIM*, the General Court pointed out that the repetition of quadrilaterals is the usual way of obtaining a quilted appearance on fabric for clothing and added that this technique is used mainly for protection against the cold, due to its insulating effect<sup>92</sup>. By contrast, the Turin District Court in the “K-way coloured stripe” case considered that “*distinctive and ornamental character are elements to be considered separately and, in the presence of the former, it becomes irrelevant that the mark applied for also has a decorative value. Reasoning differently a paradox would emerge in that figurative marks that also serve an aesthetic function would be excluded from trademark protection and a ground for refusal not provided by law would be introduced*”. In any case European and Italian law provide express grounds of refusal for shapes which exclusively result from the nature of the goods themselves, have a technical function or add aesthetic value to the goods [Art. 7(1) (e) EUTMR]. An important practical difference between this provision and the ground for refusal of Art. 7(1)(b) and/or (c) EUTMR, lies in the fact that opposition on these specific grounds cannot be overcome by demonstrating that the sign has acquired distinctive character *ex post*<sup>93</sup>. Indeed, the reasoning behind the prohibition of Art. 7(1)(e) EUTMR, to prevent a situation where an exclusive right of trade mark use is converted into a monopoly right to manufacture and market goods, precludes the possibility that prolonged use of the sign may eliminate the impediment.

According to the recent case law of the CJEU such impediments apply only to 3D-marks and are not applicable to signs “consisting of two-dimensional decorative motifs, which are affixed to goods, such as fabric or

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<sup>85</sup> EUIPO BoA, March 14, 2014, R 459/2013-4, paras. 33-34, CFI, March 22, 2013, T-410/10, para. 96.

<sup>86</sup> CFI, October 21, 2008, T-73/06, *Jean Cassegrain SAS v OHIM*, para. 37.

<sup>87</sup> CFI, April 21, 2010, T-7/09, *Schunk v OHIM*, ECLI:EU:T:2010:153, para. 44 and the case-law cited.

<sup>88</sup> CFI, June 16, 2019, T-307/17, *Adidas AG v. EUIPO and Shoe Branding Europe BVBA*, ECLI:EU:T:2019:427, paras 77, 157.

<sup>89</sup> EUIPO BoA, R 2845/2014-1, upheld both by the CFI and CJEU (see above note 84), rejected the application for registration of the coloured strip by K-way due to lack of distinctiveness in a significant part of the EU, despite acknowledging that the average consumer of four Member States, including Italy, perceives “the mark applied for as an indication of the commercial origin of the products concerned”.

<sup>90</sup> CFI, October 21, 2008, T-73/06.

<sup>91</sup> Even if examiners remark that “The problem of the unsuitability of the shape for registration as a trade mark must be kept separate from that of the distinctive capability of the mark”. Cf. EUIPO BoA, April 13, 2000, R 263/1999-3, para. 24.

<sup>92</sup> The same reasoning has been applied by the EUIPO BoA, March 4, 2014, R 459/2013-4, para. 20, which confirmed the refusal of protection of CD’s “cannage” pattern.

<sup>93</sup> CJEU, September 20, 2007, C-371/06, *Benetton Group SpA v. G-Star International BV*, ECLI:EU:C:2007:542, para. 28.

paper”<sup>94</sup> nor to colours applied to a specific location of a product<sup>95</sup>. Indeed, such signs cannot be held “indissociable from the shape of the goods where that sign is affixed” and therefore do not “consist exclusively of the shape” within the meaning of Art. 7(1)(e)(iii) of EUTMR<sup>96</sup>.

The first category of case relates to shapes resulting from the nature of the goods themselves and without which the goods would not exist (referred to as unavoidable shape). This refers to a shape that is either natural to the goods or that has become standardized in trade and in consumer opinion. The CJEU required “to identify the essential characteristics — that is, the most important elements — of the sign concerned on a case-by-case basis”. The ground for refusal is not applicable “where the trade mark application relates to a shape of goods in which another element, such as a decorative or imaginative element, which is not inherent to the generic function of the goods, plays an important or essential role”<sup>97</sup>. Based on the Italian Supreme Court’s judgment concerning the famous Louis Vuitton “*coir épi*” perhaps raw materials processed according to standardized procedures might be added to the list of non-registrable signs, since they consist exclusively of ‘other characteristics’ resulting from the nature of the goods.

The second ground for refusal concerns registration of signs which consist ‘exclusively’ of the shape of goods which is ‘necessary’ to obtain a technical result (referred to as functional or useful shape). By including the terms ‘exclusively’ and ‘necessary’, the relevant provision cannot apply to a shape in which a non-functional element, such as a decorative or imaginative element, plays an important role<sup>98</sup>. It takes due account of the fact that any shape of goods is, to a certain extent, functional and that it would therefore be inappropriate to refuse registration solely on the ground that the shape has some functional characteristics. The Court of Appeal of Florence applied the provision ruling on Bottega Veneta’s “Intrecciato”<sup>99</sup>. Indeed, intertwined leather stripes traditionally serve a number of practical purposes, to which all competitors are entitled.

Finally, the third ground for refusal relates to a shape which “gives substantial value to the goods”, and hence produces a merely decorative effect, influencing the decision to purchase (referred to as decorative shape). It is aimed at preventing a perpetual monopoly on solutions whose aesthetic value should allow only the time-limited protection granted by a design<sup>100</sup>. Italian and European courts apply the same test. The fact that the shape may be pleasing or attractive is not sufficient to exclude it from registration. If that were the case, it would be virtually impossible to imagine any trade mark registration relating to shape, given that in modern business there is no product of industrial utility that has not been the subject of study, research and industrial design before its launch<sup>101</sup>. It is important to assess whether aesthetic value determines the commerciality of the shape and the consumer’s choice to any great extent<sup>102</sup>.

If the ornamentation has a merely aesthetic nature (that is to say, it constitutes the sole criterion orienting the final consumer in their purchasing choice), no trademark registration may be granted. However, where a decorative element, in addition to being a purchasing criterion, has also acquired essential function of a trademark, it may receive protection as such<sup>103</sup>. An example of a sign giving substantial value to the goods was Gucci’s iconic “Flora” pattern<sup>104</sup>, because its aesthetic qualities, “*particularly sophisticated and aesthetically pleasing*”, overwhelmed the distinctive character of the trademark and entirely determined its market appeal. On the same grounds, the Italian Supreme Court ruled the “Burberry check” trademark invalid<sup>105</sup>. Similarly, the Venice District Court found that the primary function of Crocs’ shoes’ appearance was not to enable the consumer to identify the product’s origin but to confer attractiveness. Therefore, the trademark was held void and the claim for trademark infringement dismissed<sup>106</sup>. Countering this trend were two decisions stating that the “Dr. Martens 1460” shoes’ aesthetic features (such as the light coloured seam along the sole, the projecting label, the striped sole and the design thereof) maintained their main function as an origin

<sup>94</sup> CJEU, March 14, 2019, *Textilis Ltd and Ozgur Keskin v Svenskt Tenn Aktiebolag*, C-21/18, ECLI:EU:C:2019:199, para. 46.

<sup>95</sup> CJEU, June 12, 2018, *Christian Louboutin v. Van Haren Schoenen BV*, C-163/16, para. 26.

<sup>96</sup> CJEU, 14 March 2019, *cit.*, point 42.

<sup>97</sup> CJEU, September 18, 2014, C-205/13, paras. 21-22.

<sup>98</sup> CJEU, September 14, 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paras. 48, 52 and 72 and CFI, June 27, 2017, *Flamagas SA v EUIPO*, T-580/15, ECLI:EU:T:2017:433, paras. 38-40.

<sup>99</sup> Florence CA, 9 June 2016, *cit.*

<sup>100</sup> Italian Supreme Court, May 29, 1999, No. 5243.

<sup>101</sup> EUIPO BoA, May 3, 2000, R 395/1999-3, para. 33, which upheld the appeal against the refusal of registration of a Ferragamo buckle.

<sup>102</sup> CJEU, September 18, 2014, C-205/13, paras. 29-32.

<sup>103</sup> Milan District Court, July 4, 2017, *cit.*, found that the Maliparmi pattern has both these qualities.

<sup>104</sup> Italian trademark No. 971291 and Community trademark No. 5172218.

<sup>105</sup> Italian Supreme Court, May 29, 1999, No. 5243.

<sup>106</sup> Venice District Court, February 15, 2012, *Crocs, Inc. v. Supermarket Della Calzatura sas and Progetti srl*. However, the court stated that the sale of the shoes amounted to an unfair competitive practice.

indicator, which prevailed over consumer attraction resulting from their aesthetic value<sup>107</sup>.

## 6. The Australian approach

In Australia as well the shape of a product can be registered as a trade mark<sup>108</sup>; this change from the previous requirement that a trademark be a sign separate from the product itself was introduced with the Trade Marks Act 1995 (Cth) which translated the WTO/TRIPS standards into domestic law. There are no express exclusions, equivalent to the European ban on functional etc. trademarks. The issue is thus entirely one of distinctiveness, and that test is traditionally centred on the question whether other traders in the sector would expect to be able to use that feature as a normal and legitimate aspect of their product<sup>109</sup>.

Therefore, unless the shape is frivolous and unexpected in the circumstances, and no other trader could expect to be able to use it to indicate the commercial origins of goods of that kind, such a shape will only be registered on the basis of substantial acquired distinctiveness. That means the shape must have been used as a badge of origin, and not only as a decorative or aesthetic feature of those goods. In particular, consumers must have come to perceive the aspect of shape or decoration as being present to perform a trademark function – or at least a trademark function as well as an ornamental or other practical function<sup>110</sup>.

In general it has not been easy to obtain registration of an aspect of shape or ornamentation, or a colour as such<sup>111</sup>. Few cases related to fashion have reached the courts, but certainly some very famous decorative features of well-known brands are on the register as trademarks, such as the Louis Vuitton Quatrefoil pattern<sup>112</sup>, and flowers in square pattern;<sup>113</sup> the Burberry checked/tartan with triple stripes each way<sup>114</sup>; and the Adidas three stripes on clothing<sup>115</sup>. In the *Adidas* shoes case<sup>116</sup>, which concerned infringement, the three stripes as prominently displayed on the side of sports shoes (between the laces and the instep) were the relevant registered trademark which had been allegedly reproduced on a number of competing shoes<sup>117</sup>. The validity of the mark was not even put in question by the respondent in the matter. A more recent decision by the Delegate of the Commissioner of Trade Marks related to an application to register the pattern to be applied to the strap of a thong, consisting of two rows of stylised lines or V-shapes<sup>118</sup>. The Delegate reiterated the relevant question as formulated in the headline case of *Clark Equipment*, requiring an evaluation of the likelihood that other persons trading in similar goods ‘and being actuated only by proper motives’, would think of the particular mark and want to use it in connection with those goods<sup>119</sup>.

More recently in *Canterella*, the High Court stressed that regard should be had to the ‘ordinary signification’ of the proposed trade mark for any person in Australia concerned with the relevant goods<sup>120</sup>. Here the question was whether the ‘ordinary signification’ of the cross-hatching on the thong was ornamental. There was evidence before the Delegate that the opponent and other rival traders were using cross hatching or V-shapes on thongs in a similar manner to the applicant. This showed that patterns were used as a decorative feature on footwear products by other traders. The ordinary signification of such use was nothing other than ornamental, and the sought for mark lacked inherent distinctiveness. In terms of acquired distinctiveness, there was insufficient evidence that the primary decorative function in the particular case of the applicant’s use of the V-shapes, had come to be displaced ‘to the extent that, in

<sup>107</sup> Milan District Court, November 24, 2014; Venice District Court, June 13, 2018, No. 1228.

<sup>108</sup> See *Koninklijke Philips Electronics NV v Remington Products Australia Pty Ltd* [1999] FCA 816 (see also the appeal decision: *Koninklijke Philips Electronics NV v Remington Products Australia Pty Limited* [2000] FCA 876).

<sup>109</sup> The Trade Marks Act 1994 (Cth) which actually never came into force as it was replaced by the 1995 Act, did in fact have the same express exclusions as the European law. These were omitted in the 1995 Act.

<sup>110</sup> See the judgment in *Adidas AG v Pacific Brands Footwear Pty Ltd (No 3)* [2013] FCA 905 where the court reiterates that a trademark can validly perform both functions.

<sup>111</sup> In *E & J Gallo Winery v Lion Nathan Australia Pty Ltd*<sup>111</sup>, French CJ, Gummow, Crennan and Bell JJ put it as follows: “[T]he requirement that a trade mark “distinguish” goods encompasses the orthodox understanding that one function of a trade mark is to indicate the origin of “goods to which the mark is applied”. Distinguishing goods of a registered owner from the goods of others and indicating a connection in the course of trade between the goods and the registered owner are essential characteristics of a trade mark”.

<sup>112</sup> Australian Trade Mark No. 366169.

<sup>113</sup> Australian Trade Mark No. 496854.

<sup>114</sup> Australian Trade Mark No. 708955.

<sup>115</sup> Australian Trade Mark No. 276250.

<sup>116</sup> Regarding the ‘Three oblique stripes on shoe’ trade mark, No. 924921.

<sup>117</sup> *Adidas AG v Pacific Brands Footwear Pty Ltd (No 3)* [2013] FCA 905.

<sup>118</sup> See *Specialty Fashion Group Limited v Aplargatas SA* [2015] ATMO 100

<sup>119</sup> *Clark Equipment Company v Registrar of Trade Marks* (1964) 111 CLR at 514.

<sup>120</sup> *Canterella Bros Pty Limited v Modena Trading Pty Limited* [2014] HCA 48.

relation to the goods, it (and it alone) has come to denote goods provided by the Applicant’<sup>121</sup>.

A common difficulty often faced by applicants is that the particular shape or pattern or decorative feature is always used in conjunction with another device or word mark. In those circumstances it is less likely that a decorative feature has come to be perceived as performing a trade mark function, thus entitling it to registration on the basis of acquired distinctiveness. However, it might be different where the corporate brand is integrated within the whole pattern or decorative feature(s) claimed as a separate trademark. *Global Brand Marketing Inc* (concerning the brand Diesel) is a case in point as there two shape marks were at issue: the sole of a shoe consisting of a cross-hatching pattern, and the whole shape of a shoe with its particular markings including a D-mark representing the Diesel brand<sup>122</sup>. The respondent cross-claimed for invalidity, but the Court rejected this without much ado, focusing on the fact that it was not a shoe shape or sole as such that was claimed, but a shoe with its particular features of pattern and decoration. The Court said: “[...] *the particular combination of features is such that by its use Diesel is likely to attain the object of thereby distinguishing its Trainers from those of others, and second, ... other traders in Trainers would not reasonably want to use the combination. There would be no occasion for a competitor to adopt the features other than the shape, especially as some of them are Diesel-related. The stylised D is of the greatest import. It is particularly prominent. It is mentioned three times in the endorsement on the Shape Mark. In my view, it is the combination of this feature ...that give the Shape Mark the status of inherent distinctiveness*”. The same reasoning was applied for the sole mark, consisting of the cross-hatching pattern of a sneaker shoe. Therefore the crossclaim for invalidity failed.

It is important in this case that it was not a standard or common shape as such that was claimed, but something more complex and in a sense consisting of frivolous variations of a basic shape – therefore the concern about monopolisation of elements any competitor would expect to use is mitigated. The Diesel sole mark is interestingly contrasted with the mark at issue in the New Zealand case of *Lloyd Shoes GMBH* – there the mark consisted of one simple contrasting colour stripe across the bottom of the heel of a shoe. The Assistant Commissioner held that there was not sufficient evidence that ‘as a general rule, consumers of shoes will regard stripes on shoes or marks applied to shoe soles as a trade mark without further education [...]’<sup>123</sup>. Decoration was said to be frequently found on the soles of shoes, and other traders were likely to wish to use a similar stripe on their shoes.

The point is made in the oft-cited case of *Kenman Kandy Australia Pty Ltd v Registrar of Trade Marks*<sup>124</sup>. In that matter the registration of a highly stylised bug-shape for confectionary was at issue. Although more or less lifelike representations of animal shapes were not apt to be registered, because they were commonly used to appeal to children in confectionary, in this case the shape was so stylised and unrelated to any particular existing creature, that it was distinctive enough to be registered. No other trader could reasonably expect to be able to adopt such a fictional shape, and they remained at liberty to choose any more realistic bug (or insect) shape for confectionary.

As for the use of a ‘real’ trademark in connection with goods or services, where an applicant seeks also to obtain registration of a more decorative feature, the BP ‘green’ colour trade mark case is instructive. There one of the main difficulties faced by the applicant was to convince the court that the colour green was perceived by consumers, for a relevant period of use, as performing a trade mark - as opposed to a simply decorative function. That the colour was associated with BP was not enough – it had to be seen, on the evidence, to have been used as a trade mark<sup>125</sup>. What made that less likely, and one of the factors that resulted in the ultimate failure of the application, was that the well-known and distinctive ‘BP’ trademark was always used in near proximity (and also actually including the colour) with the petrol stations and associated buildings painted in green. The Court said at [77]that: “*Whether or not there has been use as a trade mark involves an understanding from an objective viewpoint of the purpose and nature of the use, considered in its context in the relevant trade. How the mark has been used may not involve a single or clear idea or message. The mark may be used for a number of purposes, or to a number of ends, but there will be use as a trade mark if one aspect of the use is to distinguish the goods or services provided by a person in the course of trade from the goods or services provided by any other persons, that is to say it must distinguish them in the sense of indicating origin*”. A further significant difficulty was that the colour green had commonly been used in combination with yellow – and therefore it could not be established that green alone was sufficiently distinctive of BP.

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<sup>121</sup> No. 122 above at 28.

<sup>122</sup> *Global Brand Marketing Inc v YD Pty Ltd* [2008] FCA 605 (7 May 2008).

<sup>123</sup> *Lloyd Shoes GMBH* [2018] NZIPOTM 14, at [35].

<sup>124</sup> [2002] FCAFC 273 (28 August 2002).

<sup>125</sup> *Woolworths Limited v BP plc (No 2)* [2006] FCAFC 132.

Establishing use of the particular mark applied for (assuming that it can be accurately selected and described – see the Louboutin difficulties with colour vs shape vs position marks<sup>126</sup>) is therefore difficult based on a retrospective reinvention or reinterpretation of what actually happened. It may take a fashion brand a considerable amount of time to convert a previous decorative or functional use of a colour or aspect of shape into a trademark use.

A recent New Zealand trademark application for a criss-cross stitching pattern on the inside pocket of a pair of jeans was considered in *NYDJ Apparel, LLC*,<sup>127</sup> the application being rejected by the Assistant Commissioner. On appeal the decision was reversed, and the registration allowed subject to amendments of the ‘Explanation’ of the mark. There was a crucial point analogous to one made in *Adidas*<sup>128</sup>: the educated consumers had learned that ‘*that brands of jeans are commonly distinguished by their stitching and that stitching is commonly simple and plain*’<sup>129</sup>. The Court held that an overall assessment was required – although the type of stitching in the criss-cross mark was not in and of itself distinctive, the actual application was for a mark consisting of criss-cross patterning, contrasting colour, and positioning on the inside front of the jeans. Because the hatching appeared on the inside, the Court saw a risk that it would be seen as functional, although ‘*That would not exclude it from also being a mark to identify the jeans as NYDJ’s goods because a trade mark may be both decorative and functional while also serving to distinguish a trader’s goods from other goods*’.<sup>130</sup> Although the stitching used by the applicant was always in a contrasting colour, the trade mark application had not been limited as to colour. In those circumstances the Court said: ‘*Without this contrasting colour the mark is less distinctive and consumers could well regard the stitching as a part of the general, functional stitching of the jeans. There is also a greater risk that other traders would inadvertently infringe the mark. It is also important in my view that the mark is used in relation to jeans. [...] stitching on jeans is commonly used as, and understood by consumers to be, a mark identifying the origin of the jeans. Whether the criss- cross stitching would have a distinctive character in relation to other items of goods is not clear*’<sup>131</sup>.

In circumstances where the applicant did not object to the ‘Explanation’ being amended to refer to contrasting colours in the stitching, specifying that the stitching was non-functional, and limiting the applications to ‘jeans’ rather than ‘Articles of clothing’, the Court accepted that the mark had sufficient distinctive character to be registered. If the applicant had not consented to these amendments, it would have been necessary to inquire, in the absence of ‘distinctive character’, whether the mark had acquired sufficient distinctiveness through use so that it could nonetheless be registered. Importantly, the Court went on to add that ‘*If in this case if, contrary to my view that the mark does not have a distinctive character, in the context of the market for jeans, where stitching is regularly a badge of origin, less compelling evidence of acquired distinctiveness should suffice.*’ In other words, where there is evidence of a trade custom of using similar shapes or features as trade marks, the threshold of acquired distinctiveness is lower. The same applies in Australia, as was apparent inter alia in the *Adidas* case.

## 7. The Italian and European approach to infringement

Once registration has been obtained, in trademark disputes considerable challenges remain for the plaintiff, apart from the risks inherent in counterclaims for expungement. In terms of Australian law, the issue of trade mark use (‘use of a mark as a mark’) rather than decorative use will commonly arise, and then most often also the question whether the impugned mark is ‘substantially identical’ or ‘deceptively similar’. In terms of European and Italian law, the key issue is proof of likelihood of confusion.

Cases of infringement may vary from absolute identity between goods, services and marks, in which case there is a presumption of likelihood of confusion, to mere similarity where the likelihood of confusion is not statutorily presumed but must be proven. In Italy, a plaintiff does not need to submit actual proof that the relevant public is confused. The relevant assessment must be conducted with exclusive reference to the signs and products or services that the mark serves to distinguish<sup>132</sup>: an indirect and hypothetical likelihood of confusion is therefore sufficient. This requires a “probabilistic assessment” and must be evaluated not only with reference to the time of purchase, but also

<sup>126</sup> For a cross-border overview of EU and US decisions handed down in relation to Louboutin’s red sole mark see Gommers et al. (2016), Musumeci (2016), Gorman (2012), Luhns (2012).

<sup>127</sup> [2014] NZIPOTM 5 (January 31, 2014).

<sup>128</sup> Here the positioning of the stripes on the shoe was said to be where consumers would typically expect to find a brand.

<sup>129</sup> At [17].

<sup>130</sup> At [19].

<sup>131</sup> At [20].

<sup>132</sup> Ferrara District Court, September 14, 2001, *Giur. ann. dir. ind.*, 2002, No. 4365.

with regard to the subsequent use of the product. What is relevant is not only "direct" confusion, but also so-called "post sale confusion", which is determined by reference to third parties who see the allegedly infringing product and associate it with the genuine one<sup>133</sup>. This assessment is reserved for the judge who "is able to step into the average consumer role and does not need to delegate any investigation to a technical consultant"<sup>134</sup>. In the latter context, slight differences between fashion items could be considered sufficient to exclude any likelihood of confusion, especially in a market where similarities between types of footwear and handbags are common<sup>135</sup>, all designs being inspired by common fashion trends.

As for two-dimensional trademarks, Italian Courts recently ruled in the matter of the alleged infringement of the double lozenge owned by the sports clothing brand Lotto, allegedly serially reproduced by Max Mara within a graphic pattern on the surface of certain clothes and bags. The Supreme Court confirmed the decisions of the first and second instance courts and ruled out the likelihood of confusion on the grounds that the lozenge "*is only one of the various constitutive elements of the Max Mara sign (...) within a complex graphic pattern that can be clearly distinguished from the Lotto trademark*". Therefore, it concluded that the Max Mara sign was "*an original graphic*"<sup>136</sup>.

Differences in the quality of the products, prices or sales channels may play a minor role in excluding any risk of consumer confusion. A significant number of those who wear luxury items traditionally acquire brand products for the purpose of signalling something about themselves to others, or to own an elite product as a status symbol. So "the qualitative difference between products, the difference of price, even if noteworthy, and the different consumers' target do not prevent the risk of confusion".<sup>137</sup> It is also irrelevant whether the manufacturer's brand is affixed to the infringing items<sup>138</sup>. The Turin District Court, in the *K-way* case, did not accept that the Armani Jeans word trademark could prevent confusion between Armani and K-way jackets and reasoned: "*if the presence on the product of a well-known word mark would be considered enough to exclude the infringement of a figurative mark, we would find ourselves faced with the paradox of consenting the free use of third parties' trademark, subject to the sole condition of using it in association with another distinctive, established on the market and well-known mark*"<sup>139</sup>. The same court also ruled the so-called "right to keep free" irrelevant (the underlying public interest in preventing trade mark law from granting to an undertaking a monopoly on aesthetic or decorative features of a product). Indeed, this principle "*does not exempt from liability and does not allow abuses by third parties, which are still expected and required to take the appropriate steps (in terms of distinguishing features or other arbitrary variations) to differentiate themselves and their products on the market and remove any potential risk of confusion*"<sup>140</sup>.

Trademark rights are no longer confined to protection against likelihood of confusion when the extended protection afforded to well-known trademarks by both European<sup>141</sup> and Italian legislation applies. The owner of a well-known trademark is entitled to prevent third parties from using any sign that is identical or similar to its mark, irrespective of whether it is in relation to goods or services which are identical or similar, where such use, without due cause, would take unfair advantage of or be detrimental to the earlier mark's distinctive character<sup>142</sup>. There is no equivalent for this provision in Australian law; instead, the Trade Marks Act 1995 (Cth) provides that a well-known mark is infringed if it is used on unrelated goods, if the mark would be taken to indicate a connection with the owner of the mark, and if the trade mark owner's interests are adversely affected for that reason<sup>143</sup>. The effect of the section is to restrict protection to marks that are so well known that consumers would see them as a badge of origin even if they appear on totally different goods – not simply if they are evoked or recognisable.

The unfair advantage referred to in the Italian and European law, may lie in the parasitic exploitation of the well-known character of a previous mark, i.e. in the cost savings in garnering commercial success, thanks to the use of a well-known sign, widely recognized by the public, or in increased sales volumes derived from free riding on the selling

<sup>133</sup> Ex multis Italian Supreme Court, March 17, 2004, No. 12926, in *Giur. ann. dir. ind.*, 2004, No. 4629.

<sup>134</sup> Milan District Court, No. 7940, July 13, 2017.

<sup>135</sup> Florence District Court, No. 944/2018 cit., stating that "*the more the sector is crowded, the more changes in small details acquire importance, for the purpose of excluding the infringement claim*".

<sup>136</sup> Italian Supreme Court, November 24, 2015, No. 23981.

<sup>137</sup> Italian Supreme Court, July 22, 2009, No. 17144, in *Giur. ann. dir. ind.*, 2009, No. 5356.

<sup>138</sup> Milan District Court, May 3, 2016, No. 5732.

<sup>139</sup> Turin District Court, November 17, 2017, cit..

<sup>140</sup> Ibidem.

<sup>141</sup> As set out in Art. 5(3) EUTD and Art. 9(1)(c) EUTMR.

<sup>142</sup> Art. 20 (1) (c) Italian Code of Industrial Property (Legislative Decree No. 30 of February 10, 2005).

<sup>143</sup> Art. 120 (3).

power of the established rival mark. The injury will consist in all those situations of blurring of the image of the well-known sign because of its use for products of lesser quality or in any case not in line with its image and reputation, as well as of dilution, i.e. the loss of the trademark's uniqueness and capacity to signify a single source. Recently, the Italian Supreme Court granted protection to Ferragamo's well-known 'Gancini' 3D trademark, inspired by the graphic form of the letter  $\Omega$  (omega) and used on a number of bags and accessories. The Court ruled that it was "*worthy of the highest protection, banning even original variations that, anyway, leave intact the sign's conceptual core and its distinguishing attitude*"<sup>144</sup>.

## 8. The Australian approach to infringement

In Australia, a preliminary matter that commonly arises in the context of non-traditional trademarks, and in particular of marks that have both functional and 'badge of origin' characteristics, is whether the use by a rival actually amounts to trade mark use. In *Adidas*, the Court held that stripes placed in the same configuration and position on rival sports shoes (between instep and laces) were used as a trademark, and were in some of the cases deceptively similar to the Adidas registered trade mark. Consumers in Australia were accustomed to markings that appeared in that position on sports shoes performing a trademark function – i.e. identifying the commercial origin of the shoes, and not simply there to enhance the appearance or structure of the shoe. In the YD cases (also referred to above, relating to a sole mark and a whole-of-shoe mark for Diesel shoes), the court held that in both cases, the functional aspects of the shoes' features that replicated the registered shape marks, would be overwhelmed by their non-functional and non-descriptive features – and in particular some aspects of those that the court singled out. Since all shoe soles have some functional purpose, the fact that the particular features in the impugned footwear also performed such a purpose, was to be discounted in the circumstances<sup>145</sup>. When it comes to shape marks, the *Philips* case is instructive – there Remington had adopted the triple-headed rotary blades for its own electrical shaver that were the subject of a 3D Philips trade mark registration. Philips submitted that what was significant was not the adoption of the same shape as such, but the way that shape had been represented to the market, for instance in packaging (a bubble pack making the triple rotary head visible) and in representations in advertising and trade documentation. The Court held that all these went to emphasising the practical advantages of the shaver, rather than to pointing to the shape as a distinctive mark indicating its commercial origin<sup>146</sup>. Therefore there was no trade mark use. This suggests that a competitor who does *nothing more* than adopt a trademarked shape for its own product will be safe. However, it is to be noted that the Philips shape mark did concern a fairly functional shape which had nonetheless obtained registration. The principle might therefore be less applicable to frivolous shapes that obtain registration in the fashion industry.

In Australia proof of confusion is not required where the mark is used as a mark on the same goods as those for which the mark is registered. However, if there are some differences between the registered and impugned mark, and they are not 'substantially identical' the court will have to determine whether they are 'deceptively similar', i.e. so similar as to cause confusion or deception<sup>147</sup>. This is a consumer-recollection based test. The overall configuration and therefore global impression on a consumer will be key, rather than the identification of detailed differences. These would escape a consumer who only has a recollection of the registered mark.

In Australia the courts have confined the question of deceptive similarity to a narrow enquiry where quality, price channels or cost differentials are not to be taken into account. Those matters are more relevant to an action for passing off. In *Adidas*, in relation to some of the shoes the court held that the impugned marks, although having four stripes, were indeed deceptively similar. The court looked for similarity *in the detail* – ie in the precise configuration and interrelation of the stripes. It was also important that the impugned feature on the allegedly infringing shoes did not clearly perform some other function such as contributing to the structural integrity of the shoe<sup>148</sup>. Thus where a non-traditional trade mark is used by a competitor in a very similar representation (including configuration of elements) and in a position typically referred for trade marks on such goods, there is a risk of the court finding both trade mark use and deceptive similarity and thus infringement.

We do not here consider further question of what remedies might be granted in a successful trade mark infringement matter, or issues relating to quantification of compensation. Generally speaking the same remedies are

<sup>144</sup> Italian Supreme Court, 17 October 2018, cit.

<sup>145</sup> *Global Brand Marketing Inc v YD Pty Ltd* [2008] FCA 605 at [68]-[73].

<sup>146</sup> No. 111 above.

<sup>147</sup> *Trade Marks Act 1995* (Cth), Art. 10.

<sup>148</sup> Atkinson (2017), p. 122-127.



potentially available as in other IP related matters (as harmonised in the EU by Directive 2004/49/EC of 29 April 2004 on the Enforcement of Intellectual Property Rights). In both jurisdictions either damages (normally on a royalty-forgone basis) or an account of profits are available, as well as interlocutory injunctions and then permanent injunctions at trial. In Italy the court can also order judgments to be published in the media to correct information concerning the rightful ownership of a trade mark in dispute<sup>149</sup>. Finally it should be remembered that the numbers of matters that reach the courts in Australia is extremely limited compared to in Italy; the vast majority of cases are settled before trial. That is almost invariably the case where there has been a decision on an interim application for injunctive relief.

## 9. Conclusions

If we just look at the number of judicial decisions mentioned in this article, it is apparent that the fashion industry has seen a rise in trademark applications and disputes relating to non-traditional marks, in particular in Italy and the rest of Europe, and to some extent in Australia. This is a response to the growing realisation that in the fashion industry, the real intellectual capital lies not so much in individual designs as in the broader image and consistent stylistic elements of a brand. Such aspects, as inherently connected to marketing as they are to product development, fall within the realm of trademarks rather than copyright and designs. The 1995 WTO/TRIPS-inspired changes to trademarks law in both Australia and Italy allowed aspects of shape and decoration to be registered as trademarks. That change was seized upon by fashion houses; however, the relevant law is subtle and not fully consolidated, both in Australia and Italy. Courts attempt to strike a fine balance between avoiding potential anti-competitive effects of granting a permanent monopoly in the shape and appearance of goods, and the justifiable expectations that where such features really function as badges of origin, they will not be adopted by competitors with resulting deception of consumers. In the result, it is not manifest that the trade marks law is necessarily living up to the lively expectations that the WTO/TRIPS changes might have generated for some brand owners.

Formally the legal rules in Italy and Australia are different. In Australian law there are generally fewer actions for alleged fashion design infringements. There is no action for unfair competition and restrictions apply to dual or overlapping protection between copyright and registered designs. There is no unregistered design right. Relevant specifically to this article is the absence of express *a priori* exclusions in the Australian Trade Marks Act; registrability is determined *solely* on the basis of distinctiveness. Judicial techniques are also somewhat distinct, and the rules of evidence differ (eg as to the admissibility of survey evidence of acquired distinctiveness), but nonetheless there is a general similarity in result. In other words, it is difficult to discern any consistent difference in outcome because of the existence of the *a priori* exclusions in European and Italian law – after all, the main criterium of distinctiveness in Australia is whether competitors would legitimately expect to be able to use the sign concerned for their own products. That is a test that differs little in its implications from the application of the exclusionary rules of European and Italian law to non-traditional, and particularly shapes and pattern marks.

In cases where a feature is unusual, frivolous, not an aspect of the fundamental product shape, and where a competitor cannot legitimately expect to be able to adopt it to serve some (broadly) functional purpose, trademark registration is in principle possible in both jurisdictions. In rare instances this will be on the basis of inherent distinctiveness alone, but more commonly it is because the trademark owner has managed to show acquired distinctiveness through consistent use of that particular feature as a badge of origin over time (even if it also has a functional or aesthetic role to play). Relevant in all cases will be the general practice in relation to, and expected uses of signs in the particular product sector – where consumers through common marketing practice and product development trends have come to expect trade marks to appear in a certain position or form, a court will more readily accept that some feature of the goods themselves qualifies as a trade mark. Consumers will then readily see it as such. That the (aspect of) shape also performs a non-trade mark function is not a formal bar to registration.

Both jurisdictions alike stress that there is no special or particular approach to non-traditional trademarks; this principle has the suggestion of predictable practice and outcomes about it. However, in reality the practical difficulty emerges in both jurisdictions alike, of finding consistency in the decisions of various courts. Existing grounds for protection or exclusion are abstract, and courts struggle with their practical application to very varied fact situations. Courts have no clear guidelines to distinguish between protectable and unprotectable subject matter. Fashion goods in particular are inherently ambivalent: artistic and functional, distinctive but also trend sensitive, speaking to aesthetic

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<sup>149</sup> Milan District Court, November 5, 2014, No. 13209, in favour of the famous “Polo Player” trade mark of Ralph Lauren; Id., February 13, 2015: unauthorised use of the ‘D&G’ trade marks for chewing gum.

sensitivity but also to brand consciousness and fissionability. Modern fashion designs are inherently complex and multifaceted, and thus rarely fit neatly into IPR or judicial categories. Furthermore, the fashion industry is constrained by trend-dependency, functional restrictions on design choices, and rapid cycles of innovation. These factors tend to militate against the consistent application of product design elements over time, elements that are unique and are strongly associated with a particular house. On the whole, on the basis of acquired distinctiveness, it is only such elements that will potentially qualify as genuine and appropriate candidates for trademark registration. Fashion houses thus have to adequately mediate this tension between long-term consistency and seasonally variable creativity if they wish to benefit from both non-traditional trade mark registration and other IPR protections.

A difficulty resulting from the lack of clarity in both jurisdictions is that unpredictable outcomes tend to favour established fashion houses, hampering in some cases small and less established designers' opportunity to grow. Dynamic competition based on creativity suffers and consolidation and predictability tend to result. The larger houses have greater capacity to deal with the costs and uncertainties involved in pursuing legal avenues of protection and redress which are often expensive (since much evidence of acquired distinctiveness must be supplied) and time-consuming. All in all, we conclude that the appropriate road ahead for IPRs in the fashion industry given its particular competitive characteristics is not to expand intellectual property protection any more than is currently the case, in particular in relation to non-traditional trade marks. What, however, would arguably be useful to the industry is greater consistency and predictability, not only within specific countries but across jurisdictional boundaries. Such are the conditions for a level competitive playing field, in particular between the big incumbent fashion houses and the more frequently emerging smaller but creative and dynamic actors in the fashion business.

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